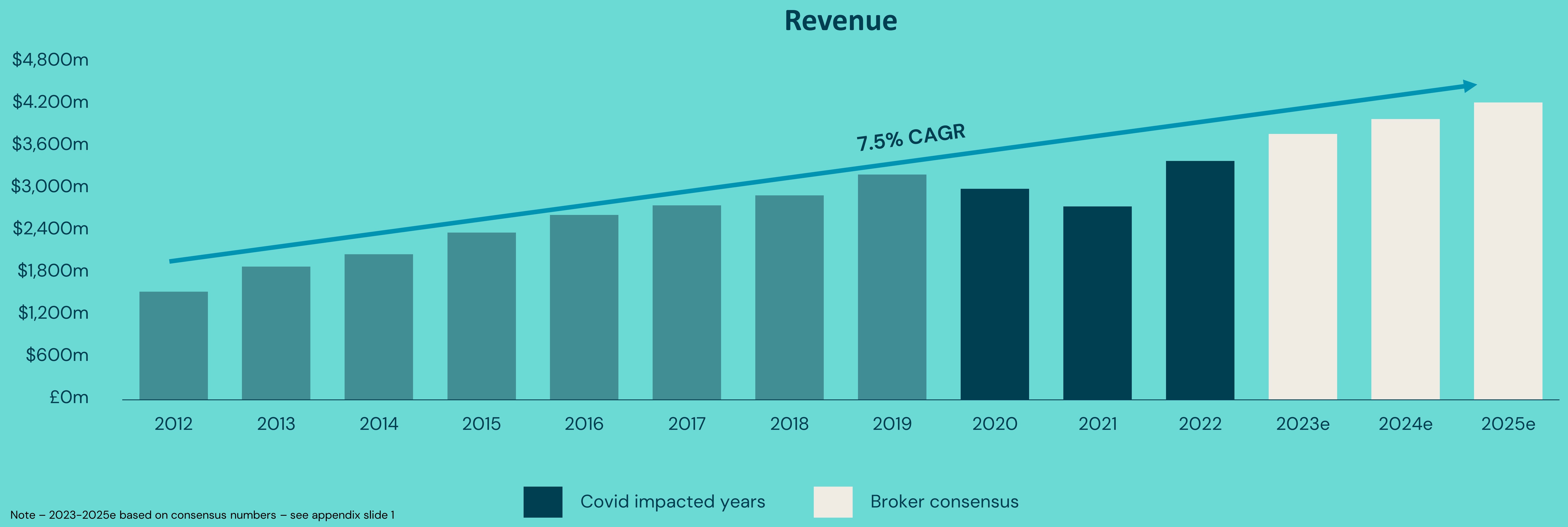
Charlie Steel
Chief Financial Officer

Financial performance

Highlights

- Cashflow is building strongly and will continue to grow across our three business units – company-owned, managed and franchised, Worka
- Capex has fallen dramatically and will continue to decline
- Leaving more cash available to shareholders
- Our commitment to maintain a strong balance sheet and increased returns to equity holders over the medium term

A decade-long track record in delivering strong financial performance

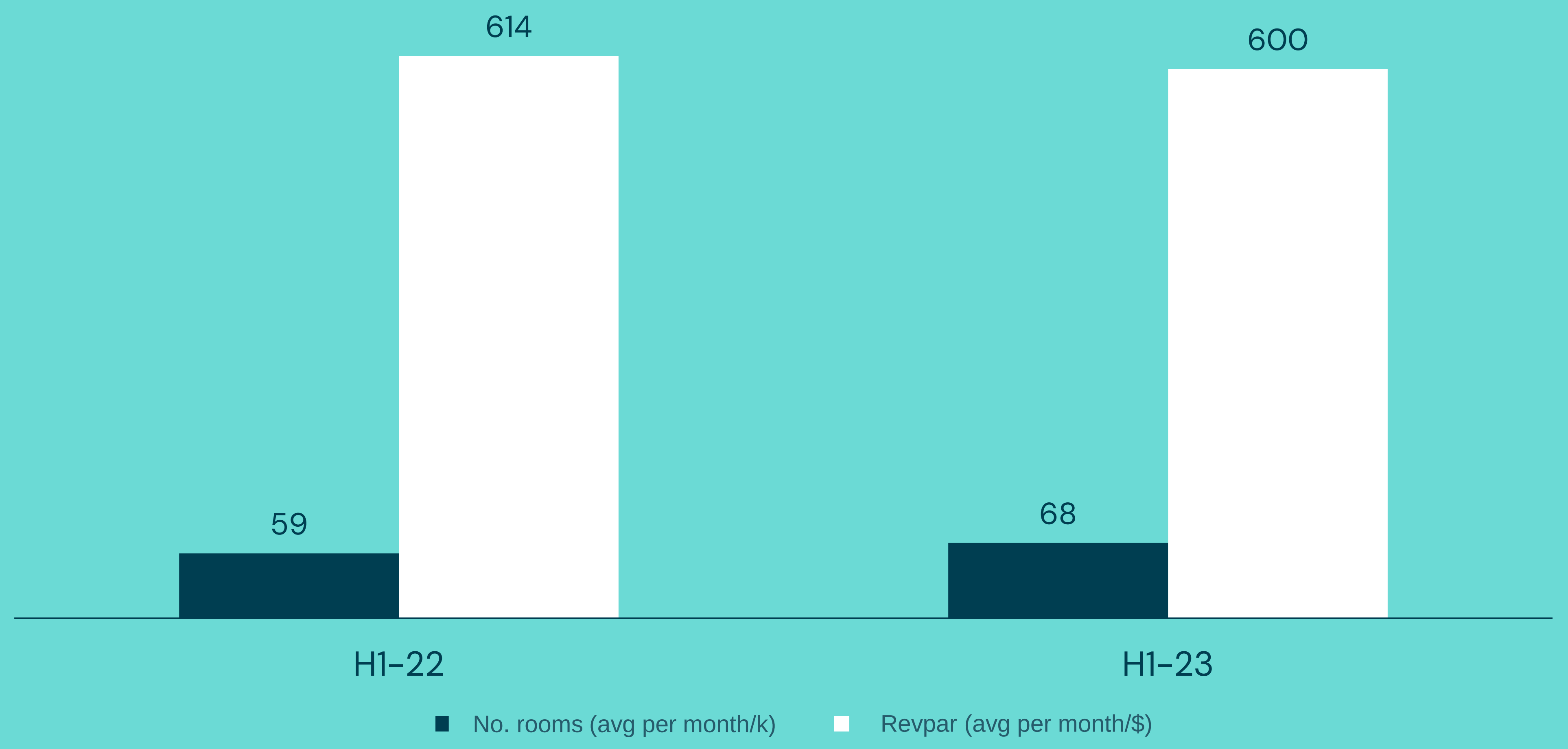


Note – 2023-2025e based on consensus numbers – see appendix slide 1

Managed & Franchised

	H1 2023 ($m)	Year-on-Year Growth
System Revenue	181	40%
Contribution	25	40%

Managed and Franchised - open rooms and RevPAR

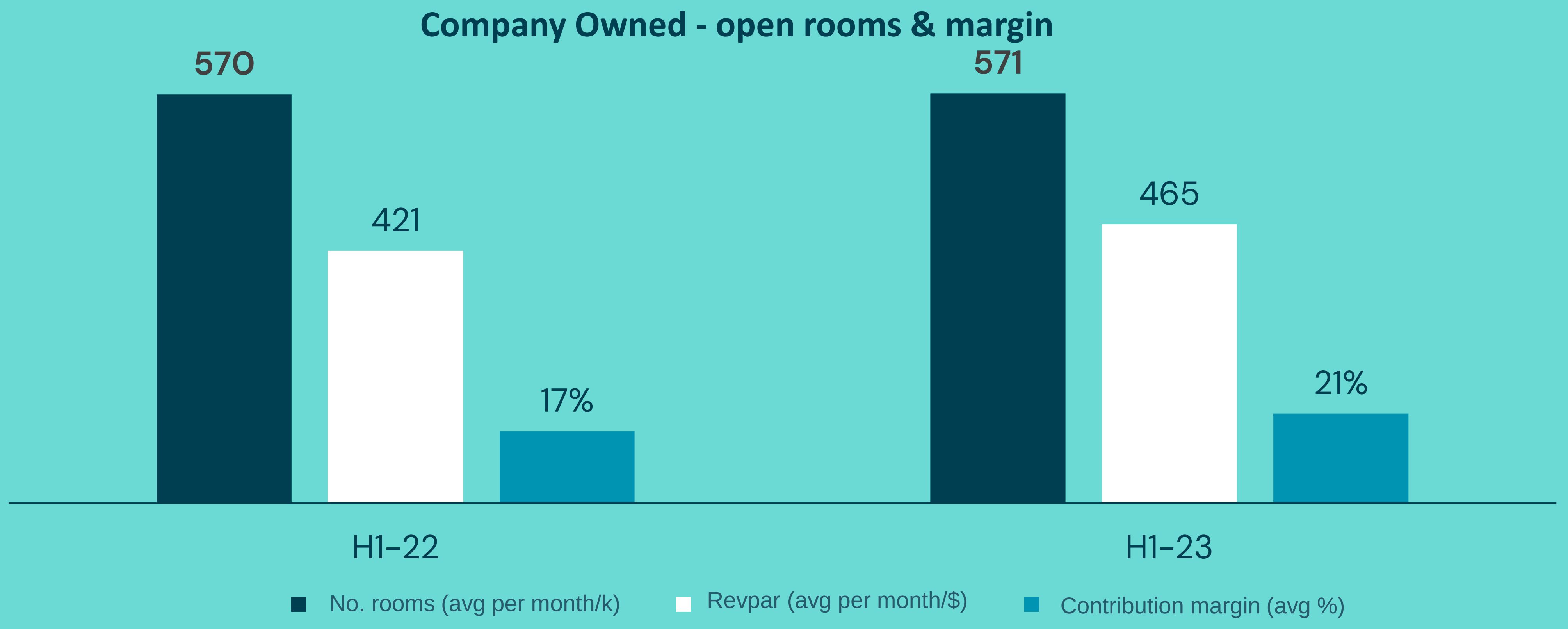


- The two KPIs for our managed and franchised business we are introducing are revenue per room (RevPAR), and number of rooms
- RevPAR is the expected revenue target at maturity
- We will target a RevPAR for the existing rooms as well as the rooms in the pipeline
- We assume a 10-month timeline from signing to opening and a further 18 months to revenue maturity

Note – One room assumed to be 5m^2

Company-owned

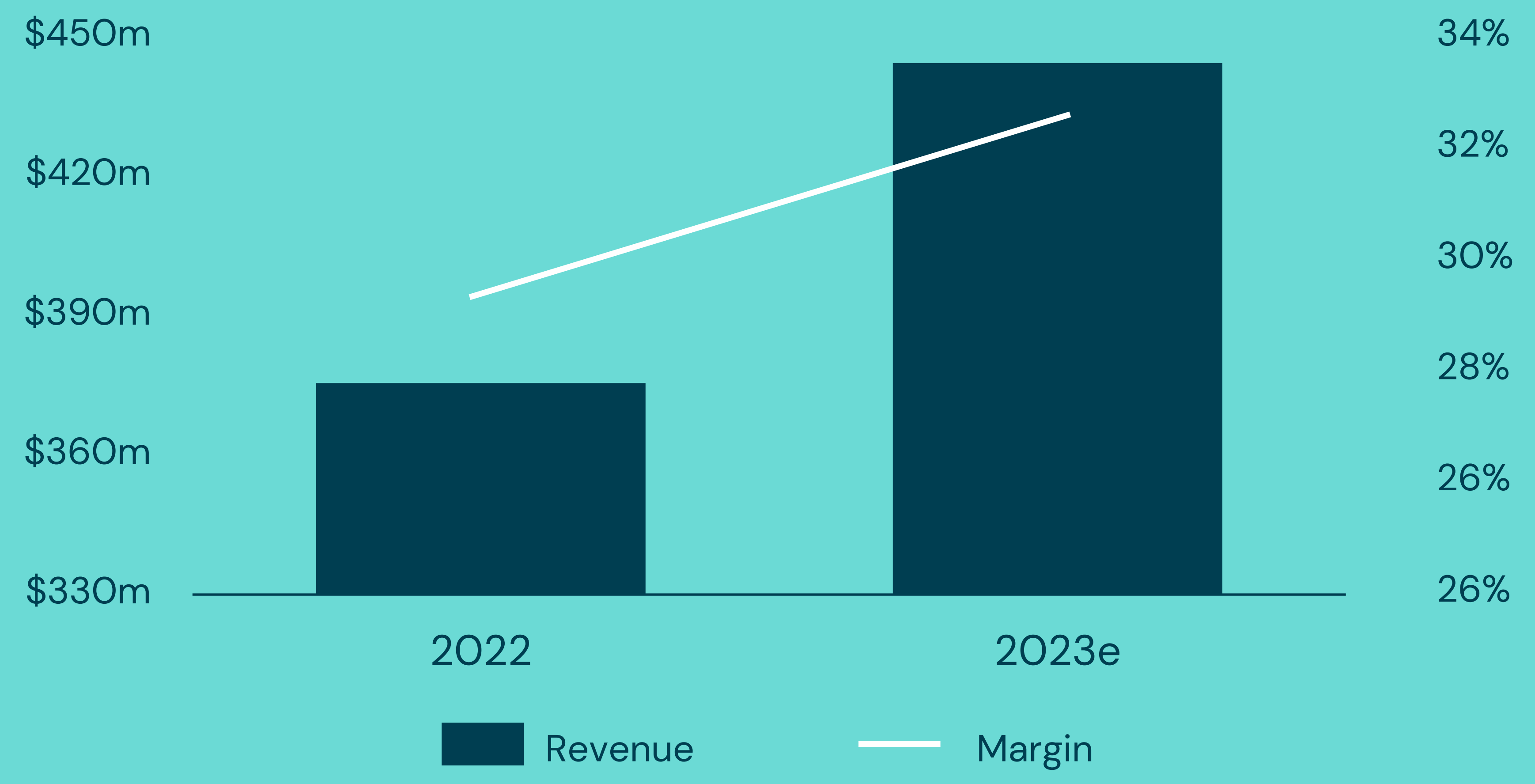
	H1 2023 ($M)	Year-on-Year Growth
Revenue	1,561	11%
Cost	(1,229)	7%
Contribution	332	29%
Contribution Margin	21%	+300bps



- The two KPIs for our Company-owned and leased business we are introducing are revenue per room (RevPAR), and margin
- RevPAR is the expected revenue at a standardised occupancy we will target
- Margin remains the most important driver to our Company-owned and leased business

Worka

	H1 2023 ($m)	Year-on-Year Growth
Revenue	218	32%
Cost	122	40%
Contribution	96	23%
Contribution margin	44%	



- The two KPIs for Worka are revenue growth and margin
- Post the transaction, we have been integrating the platforms and investing in products
- Growth will accelerate from H2 2024

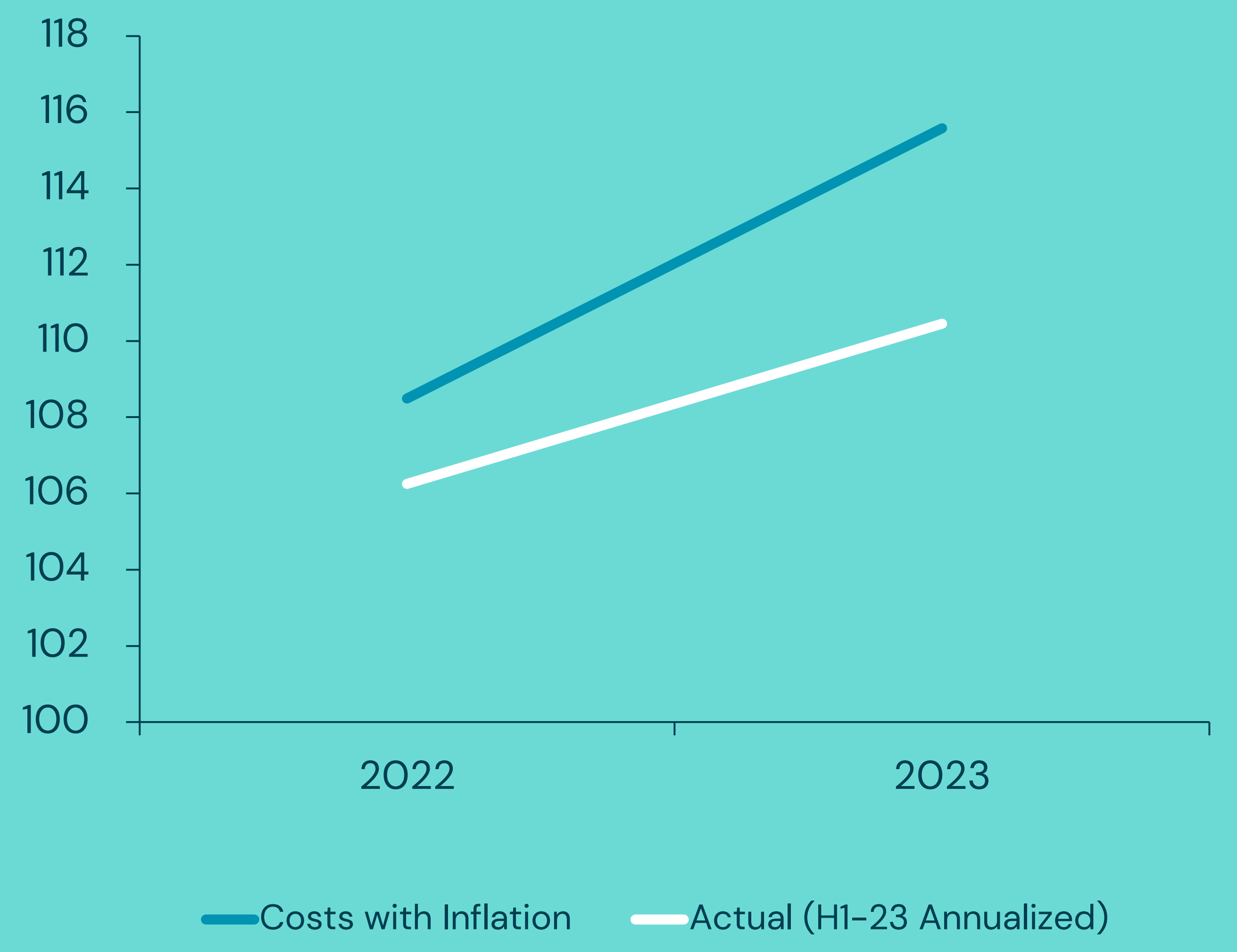
Delivering from three sources of cash

Pre-IFRS $m	Managed and franchised		Company owned		Worka	
	H1 2023	Year-on-Year growth	H1 2023	Year-on-Year Growth	H1 2023	Year-on-Year growth
Revenue	181	40%	1,561	11%	218	32%
Contribution Margin	25	40%	332	29%	96	23%
			Group			
			H1 2023	Year-on-Year growth		
Total Contribution			453	+29%		
EBITDA			238	+48%		
Maintenance Capex			(49)			
Working Capital			16			
Other			(9)			
Cashflow from business activities			194			

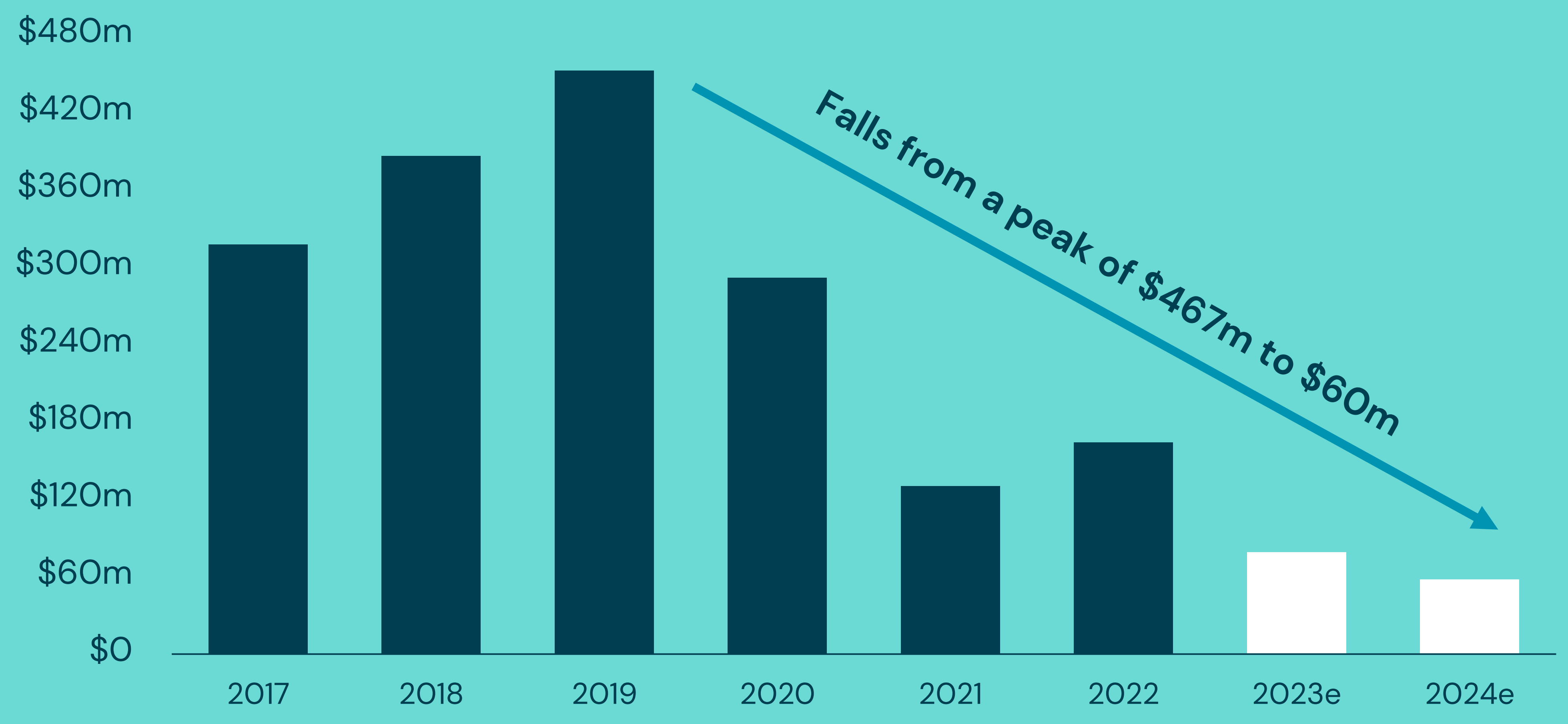
We have a laser-like focus on costs

- We have a track record of maintaining costs below inflation
- Our 34-year history gives us a wealth of knowledge in how to best manage costs
- Our scale, network and vertical integration allows us to be the lowest cost operator – enabling us to pass on our cost savings to customers and partners
- Data driven analytical approach has yielded significant cost savings

IWG Costs growing below inflation



Growth capex falls as capital-light accelerates

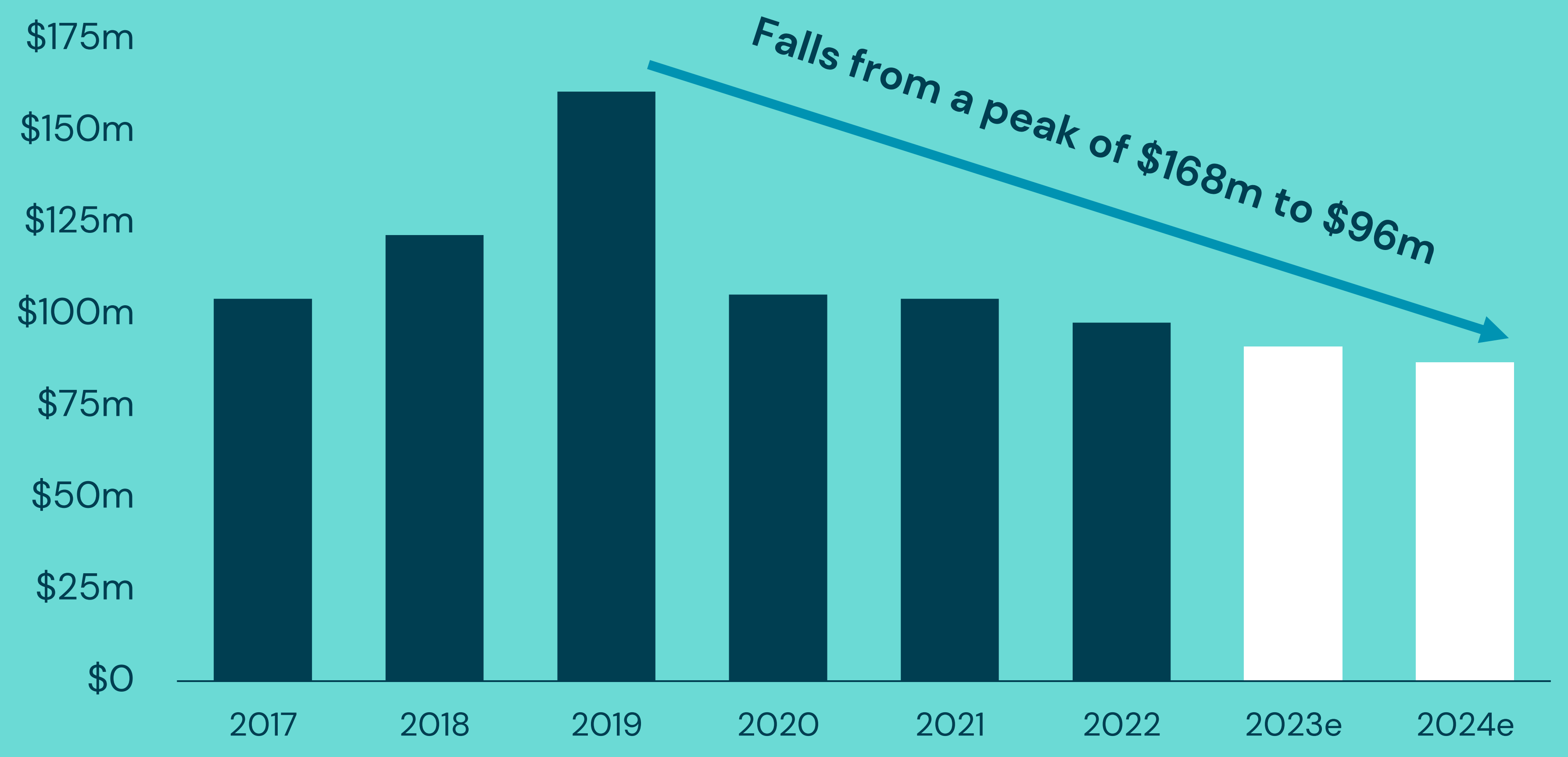


- Net growth capex fallen from a peak of over $465m pa to just $84m this year
- Will reduce further to c$60m in 2024

2023 / 24 are based on internal company forecasts

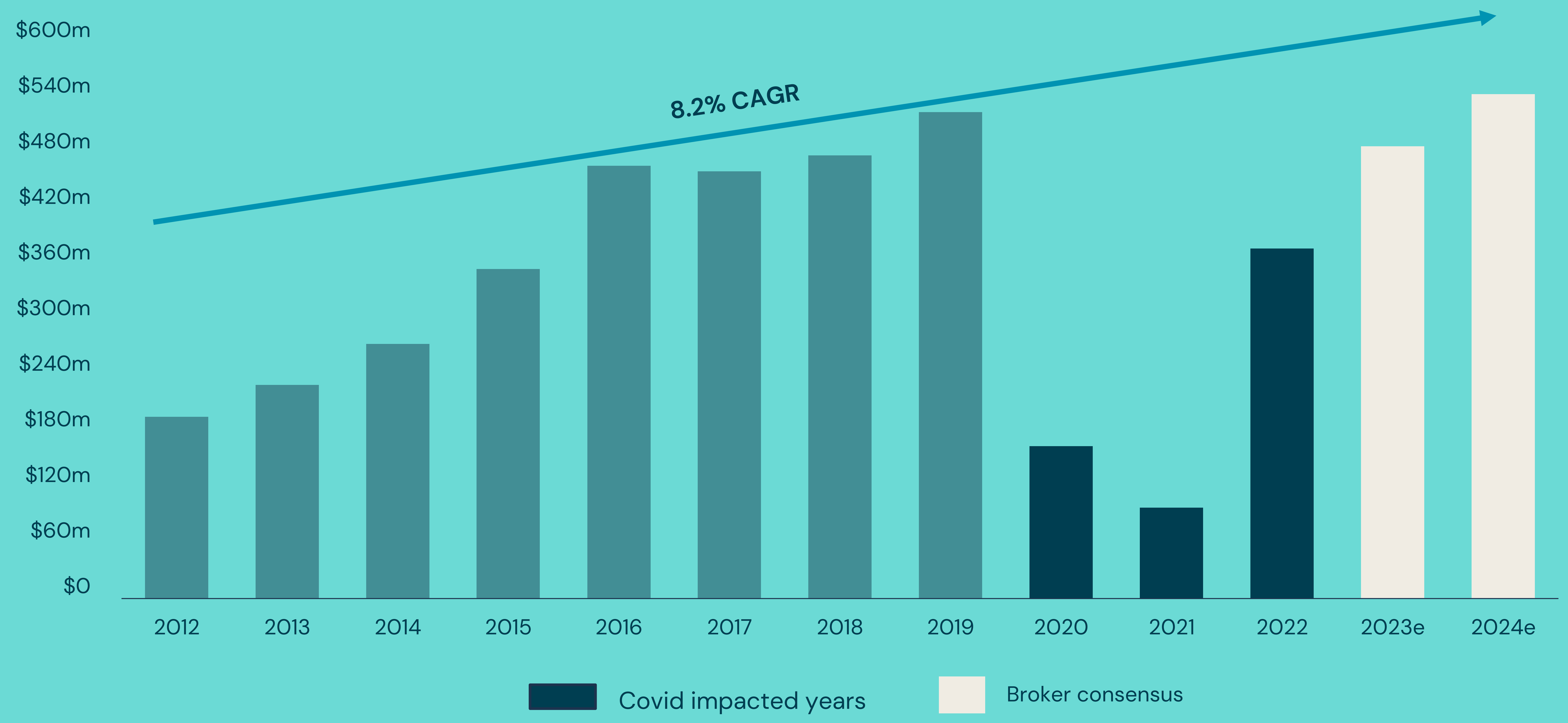
Maintenance capex falls as we gain efficiencies

- Maintenance capex fallen from a peak of $168m to $96m where it will stabilise as we continue to extract efficiencies



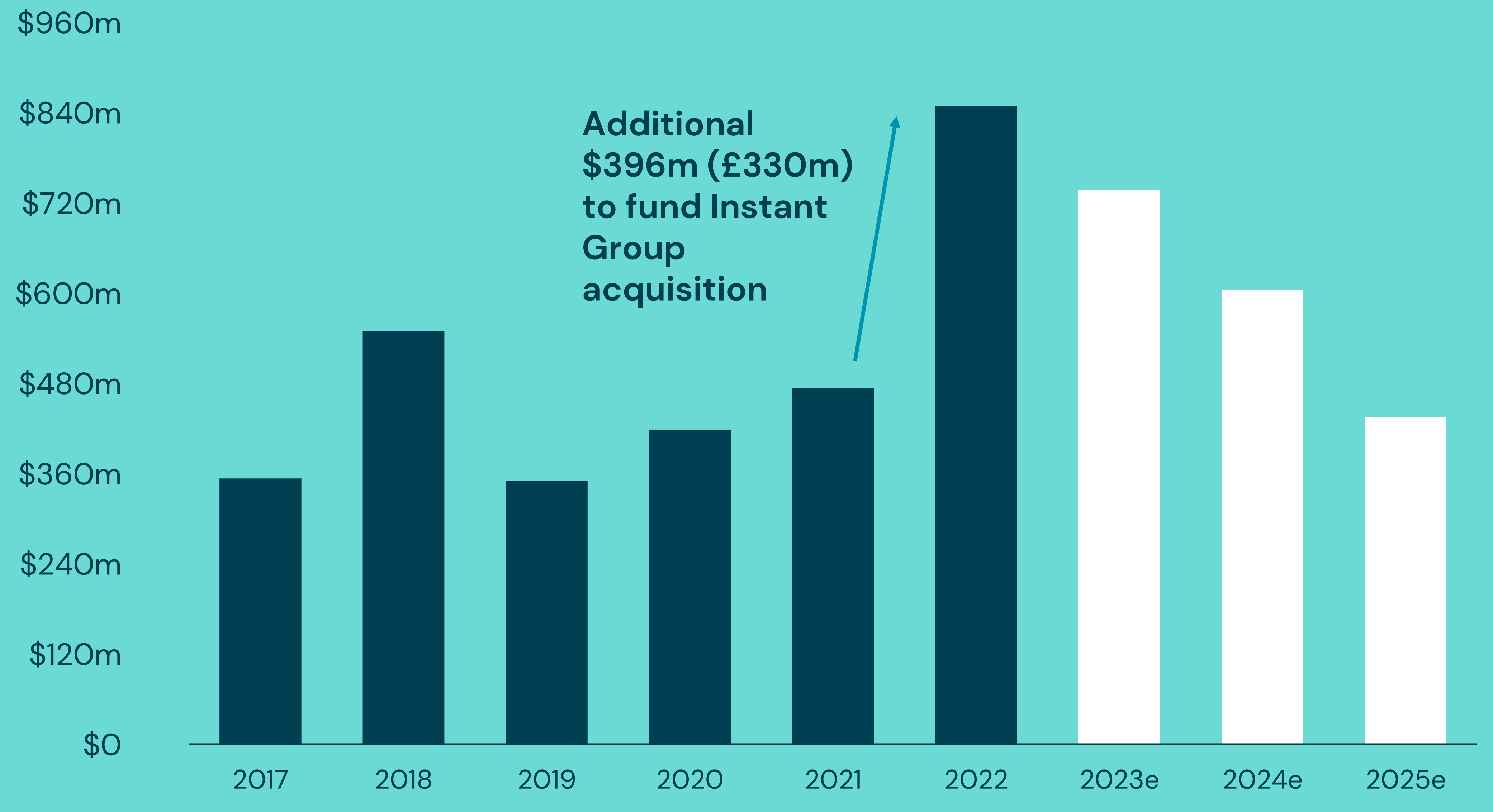
2023 / 24 are based on internal company forecasts

Consistent delivery of EBITDA which drives cashflow



Note – 2023-2024e based on consensus numbers – see appendix slide 1

Net debt falling post The Instant Group acquisition



- Including the Instant acquisition debt of $396m (£330m), net debt continues to fall
- Net financial debt fallen by over $120m (£100m) since H1 2022
- Cashflow generation driving net financial debt paydown

2023-2025 = Consensus forecasts

Coupled with EBITDA strength driving an improvement in the balance sheet

- Net financial debt has fallen by over $120m (£100m) since H1 2022
- At the same time EBITDA has grown significantly
- ND / EBITDA approaching 1.5x on consensus estimates

2023-2025 = Consensus forecasts

Drives a resumption of shareholder returns

- The strengthening of our balance sheet allows for restarting of the dividend – likely 1p dividend at the FY 2023 stage followed by a progressive dividend policy
- Most remaining cash to be used for Net Debt reduction and some small-scale M&A
- At 1x ND/EBITDA, will share the proceeds of growth between equity and debt holders

We are also making the business financials easier to understand

- We will be adopting USD as our functional currency from 1st January 2024

Which drive many models

- The Board will make a decision in the first half of 2024 regarding the adoption of US GAAP as our accounting standard


IWG PLC

Periodicity Annuals | Source Standard | Cur GBP
Broker -------- | Guidance

More estimates are available | MODL »

1) Headline | 2) Headline Growth | 3) Company-Specific

	FY 2022 Act	FY 2023 Est		FY 2024 Est		FY 2025 Est		FY 2026 Est	
12 Months Ending	12/31/2022	12/31/2023	#	12/31/2024	#	12/31/2025	#	12/31/2026	#
11) EPS, Adj+	-0.101	0.007	8	0.006 ↓	7	0.073 ↓	5	-0.036	1
12) EPS, GAAP	-0.113	-0.006	7	-0.006	6	0.070 ↓	5	-0.034	1
13) Revenue	2.751B	3.021B	8	3.252B	9	3.508B	5	3.028B	1
14) Gross Margin %	20.901	15.290 ↓	4	16.410 ↓	4	18.699	2	19.316	1
15) Operating Profit	148.000M	56.220M ↓	5	132.286M ↓	7	229.433M ↓	3	64.200M	1
16) EBIT	147.000M	100.350M ↓	6	132.286M ↓	7	229.433M ↓	3	64.200M	1
17) EBITDA	308.000M	404.286M	7	612.750M ↓	8	968.400M	5	376.000M	1
18) Pre-Tax Profit	-105.000M	-21.940M ↓	5	18.517M ↓	6	103.430M ↓	4	-20.200M	1
19) Net Income Adj+	-121.000M	-14.614M ↓	7	17.686M ↓	7	60.820M	3	-16.100M	1
20) Net Income, GAAP	-121.000M	-54.725M	4	-29.850M	4	-30.600M	2	-56.100M	1
21) Net Debt	6.751B	604.571M	7	518.857M ↓	7	355.750M ↓	4	415.000M	1
22) BPS	0.182	0.117 ↓	5	0.124 ↓	5	0.201 ↓	4	0.255 ↓	1
23) CPS	1.140	5.256	2	7.899	2	8.652	2		
24) DPS	0.000	0.007 ↓	5	0.023 ↓	7	0.043	4		
25) Return on Equity %	-48.964	-77.995	4	749.463	3	445.645	2		
26) Return on Assets %	-1.338	1.645 ↓	2	1.970 ↓	2	2.135 ↓	2	2.690 ↓	1
27) Depreciation	190.000M	315.369M ↓	5	473.965M ↓	6	643.363M	3	311.314M	1
28) Amortization		50.214M ↑	4	53.439M ↑	4	51.799M ↑	2	61.845M ↑	1
29) Free Cash Flow	905.000M	115.800M ↓	2	168.050M ↓	2	164.850M ↓	2		
30) CAPEX	-243.000M	-184.000M	6	-190.000M ↑	6	-192.250M ↑	4	-111.000M ↑	1
31) Net Asset Value		146.667M ↓	3	133.733M ↑	3	104.800M ↓	2	257.000M ↓	1

Clear, useful, KPIs

- Alongside clearer financials, we will publish clearer KPIs for each business division going forward
- **Capital-light**
  RevPAR and number of rooms. This will help to explain both what is in the pipeline, and what is in the existing estate
- **Company-owned and leased**
  RevPAR and margin. Margin will remain the most important driver to the company-owned business, and we will show how both evolve over time
- **Worka**
  Revenue growth and margin

ESG is important to both us and our customers

- IWG empowers businesses and people everywhere to work more sustainably
- As a solution to global workforces, and as a business, we are committed to ensuring our business activities achieve the highest level of environmental sustainability
- IWG benefits as our customers adopt hybrid work, and the environment benefits from substantially lower commuting
- We sell ESG solutions and products to our customers
- IWG is AA rated by MSCI
- 100% of IWG workspace are now carbon neutral
- We have a 100% green electricity target by 2030

Guidance

2023:

- Reaffirming guidance given at Q3 trading update on 7th November

Medium term:

- Steady improvement and continued growth in all three divisions
- Medium term EBITDA run rate target of $1bn, including strong cashflow production

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